

(Security Classification)

## FOREIGN SERVICE DESPATCH

FROM : Ambassador, Bonn

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

January 1, 1959

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SUBJECT:

Trends in Federal Republic Coal Situation at  
End of Year

With the event of the new year, the German coal crisis has not abated, and after a lull during the holidays employer and employee groups have stepped up their activity in bringing pressures to bear on each other and on the Government. Without ascribing to any of the following views which have appeared in the press, the Embassy believes they are generally representative of the current charged atmosphere in the Ruhr.

For example, BUNDESGEWERKSCHAFT of Unternehmensverband has announced that in the absence of Government intervention perhaps 100,000 miners will have to be dismissed as the only way to counter the surplus problem. On the other hand, the only solution according to DAHLMANN of I. G. Bergbau is the introduction of the 5-day work week with full pay and retention of the 7 $\frac{1}{2}$ -hour shift. The union also continues to resist further layoffs in the mining industry. I. G. Bergbau is also arranging a huge protest demonstration in Bochum on January 25 and talks of a Sternmarsch (march of the workers) on Bonn if the promises of the Chancellor to find a solution do not materialize.

In this atmosphere the politicians are having a field day, and the SPD is taking advantage of the situation in an effort to counter the results of the last election in Land Rhein-Westphalia. Symbolic is the demand by Bundestag Deputy DEHST (SPD) to the European Parliamentary Assembly to nationalize all mining enterprises in the European community. The Chancellor, an old hand in Rheinland politics, is on the other hand attempting to preserve gains made by the CDU in the last Land elections and has as his objective political independence of the powerful mine workers unions, thus trying to prevent an identity of the union and SPD objectives in the area.

On the question of the cancellation of U.S. coal contracts, "Der Mittag" says cancellations will cost RM 200 million and the paper concludes that it is certain we will hear more of this rumbling unrest in weeks to come. According to "Der Mittag," the situation is especially awkward for the Ruhr mining industry as elections for the Works Councils will be held beginning in March, and

it is

B/EC:WGC:etn:hot

REPORTER

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it is feared that radical candidates have already gained votes. The paper believes this gain would increase to a serious extent if U.S. exporters were to insist on execution of agreed-upon imports and goes on to say that the Ruhr hopes that a conviction of mutual interests will become apparent in the United States when making these economic decisions, and insistence on the fulfillment of the contracts would promote radicalism in the industrial centers of the Federal Republic. According to this statement, the Ruhr does not question the legality of the contracts and does not want to shirk fulfillment, but offers redemption in accordance with the rules of a free economy.

Out of the welter of charges and countercharges, the following are the significant statistical facts for 1958.

1. At the end of the year, coal and coke stocks at pithheads amounted to 13.1 million tons compared with approximately 750,000 tons at the beginning of the year. In addition, consumer stocks at the end of the year amounted to about 12.7 million tons--a theoretical ceiling imposed on them by the limitation of storage facilities.
2. Production of hard coal, exclusive of the Saar, during 1958 was 132.6 million tons or 532,000 tons below the previous year.
3. Under the industry's rationalization program, but more probably due to the freeze on new hiring, employment at mines declined from 495,000 at the beginning of 1958 to 474,000 at the end of 1958, representing unemployment of 21,000 men. Many of these have undoubtedly been absorbed into other industries, since there are no indications of widespread unemployment.
4. On the other hand, the extension of free shifts and shorter work weeks are more serious. Free shifts during the year amounted to 2.7 million, and losses in mine earnings are estimated at over DM 58 million.
5. Productivity during the year increased, as average coal production per shift per underground miner increased from 1,585 kilos in 1957 to 1,642 kilos in 1958. This accounts for the relatively small decline in production. It has been estimated that if employment had been fully maintained production would have been 3.8 million tons higher.

The tendency toward lower employment continued into 1959, and, according to I.G. Bergbau, during the week ending January 9th 72,767 miners in 24 mines had to drop shifts, and the loss in production was estimated at 97,400 tons.

For the Ambassador:

  
Henry J. Tassa  
Minister for Economic Affairs

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